

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name FLORENCE TOWNSHIP	County ST. JOSEPH
Fiscal Year End 3-31-06	Opinion Date 9-22-06	Date Audit Report Submitted to State 10-30-06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) FOOTE AND LLOYD, C.P.A.s		Telephone Number (269) 962-7518		
Street Address TWO WEST MICHIGAN, SUITE 210		City BATTLE CREEK	State MI	Zip 49017
Authorizing CPA Signature 	Printed Name CHARLES W. FOOTE		License Number 1101007397	

**FLORENCE TOWNSHIP
ST. JOSEPH COUNTY, MICHIGAN**

**REPORT OF AUDIT
FOR THE FISCAL YEAR ENDED
MARCH 31, 2006**

**FOOTE and LLOYD
CERTIFIED PUBLIC ACCOUNTANTS
BATTLE CREEK, MICHIGAN**

**FLORENCE TOWNSHIP
ST. JOSEPH COUNTY, MICHIGAN**

OFFICIARY

Tom Young	Supervisor
Connie Steffel	Clerk
Janis Jones	Treasurer
Ben Russell	Trustee
Dennis Bontrager	Trustee

Population 1,436 (2000)

Fiscal Year Ended March 31, 2006

FLORENCE TOWNSHIP

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	2-3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	7
Notes to Financial Statements	8-15
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	16
Other Supplemental Information	
Statement of Changes in Assets and Liabilities - Tax Collection Fund	17
2005 Tax Roll Reconciliation	18
Additional Information	
Letter of Comment and Recommendation	19

Foote and Lloyd
CERTIFIED PUBLIC ACCOUNTANTS
TWO WEST MICHIGAN , SUITE 210
BATTLE CREEK, MI 49017
TELEPHONE (269) 962-7518
FAX (269) 962-7510

CHARLES W. FOOTE
* DONALD L. LLOYD

GLEN C. SAUER

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

*FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Florence Township
St. Joseph County, Michigan

We have audited the general purpose financial statements of the Florence Township, St. Joseph County, Michigan, as of and for the year ended March 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and including those prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florence Township, St. Joseph County, Michigan, as of March 31, 2006, and the results of its operation for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and the individual account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Florence Township, St. Joseph County, Michigan. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Foote and Lloyd

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
September 22, 2006

FLORENCE TOWNSHIP
Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

In a condensed format, the table below shows net assets as of fiscal year-end:

	Governmental Activities 3-31-06	3-31-05 (None available)
Current Assets	368,689	
Noncurrent Assets	<u>28,495</u>	
Total Assets	397,184	
Total Liabilities	0	
Net Assets		
Invested in Capital Assets - Net of Debt	28,495	
Restricted for Capital Projects	-	
Unrestricted	<u>368,689</u>	
Total Net Assets	<u><u>397,184</u></u>	

A comparative analysis will be provided in future years when prior year information is available.

The following table shows the changes of the net assets:

	Governmental Activities 3-31-06	3-31-05 (None available)
Program Revenues		
Charges for Services	7,544	
General Revenues		
Property Taxes	40,184	
State-Shared Revenues	100,622	
Unrestricted Investment Earnings	5,659	
Miscellaneous	3,941	
Transfers	<u>-</u>	
Total Revenues	157,950	

FLORENCE TOWNSHIP
Management's Discussion and Analysis
Page 2

	Governmental Activities 3-31-06	3-31-05 (None available)
Program Expenses		
General Government	105,718	
Public Safety	38,552	
Public Works	<u>26,245</u>	
Total Expenses	<u>170,515</u>	
Change in Net Assets	<u>(12,565)</u>	

The financial position of the Township has remained pretty much constant in spite of the shrinking of revenues from the State of Michigan.

The Township did not experience any significant increase in its tax base.

There were no other significant economic events in this fiscal year.

There are no individual funds that have restrictions or other limitation on the availability of fund resources.

The variance between the original budget and the final budget was due to amending for increased expenses for the cemeteries and the township hall. The variance between the final budget and the actual expenditures was due to the fact that the legal and road maintenance were lower than anticipated.

Based upon currently known facts, decisions or conditions, there is no reason to believe that the Township will experience a change in its financial position or results of operations.

BASIC FINANCIAL STATEMENTS

**FLORENCE TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MARCH 31, 2006**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	364,760	-	364,760
Receivables - Net	3,929	-	3,929
Capital Assets - Net	<u>28,495</u>	<u>-</u>	<u>28,495</u>
Total Assets	397,184	-	397,184
Liabilities			
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	-
Net Assets			
Invested in Capital Assets			
Net of Related Debt	28,495	-	28,495
Restricted for Capital Projects	-	-	-
Unrestricted	<u>368,689</u>	<u>-</u>	<u>368,689</u>
Total Net Assets	<u>397,184</u>	<u>-</u>	<u>397,184</u>

The Notes to Financial Statements are an integral part of this statement.

**FLORENCE TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED MARCH 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Primary Government							
General Government	105,718	2,281	-	-	(103,437)	-	(103,437)
Public Safety	38,552	5,263	-	-	(33,289)	-	(33,289)
Public Works	<u>26,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,245)</u>	<u>-</u>	<u>(26,245)</u>
Total Governmental Activities	170,515	7,544	-	-	(162,971)	-	(162,971)
Business Type-Activities							
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>170,515</u>	<u>7,544</u>	<u>-</u>	<u>-</u>	<u>(162,971)</u>	<u>-</u>	<u>(162,971)</u>

General Revenues

Property Taxes	40,184	-	40,184
State-Shared Revenues	100,622	-	100,622
Unrestricted Investment Earnings	5,659	-	5,659
Miscellaneous	3,941	-	3,941
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenues--Special Items and Transfers	<u>150,406</u>	<u>-</u>	<u>150,406</u>
Change in Net Assets	(12,565)	-	(12,565)
Net Assets - Beginning	<u>409,749</u>	<u>-</u>	<u>409,749</u>
Net Assets - Ending	<u>397,184</u>	<u>-</u>	<u>397,184</u>

The Notes to Financial Statements are an integral part of this statement.

**FLORENCE TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2006**

Assets

Cash and Cash Equivalents	364,760	
Receivables - Net	<u>3,929</u>	
Total Assets		<u><u>368,689</u></u>

Liabilities

Accounts Payable	<u>-</u>	
Total Liabilities		-

Fund Balances

Reserved for Capital Projects	101,784	
Unreserved and Undesignated	<u>266,905</u>	
Total Fund Balances		<u><u>368,689</u></u>

TOTAL LIABILITIES AND FUND BALANCES		<u><u>368,689</u></u>
-------------------------------------	--	-----------------------

Amounts reported for governmental activities in the statement of net assets are different because:

*Capital assets used in governmental activities are not financial resources and are not reported in the funds.	<u>28,495</u>
--	---------------

Net Assets of Governmental Activities	<u><u>397,184</u></u>
---------------------------------------	-----------------------

The Notes to Financial Statements are an integral part of this statement.

**FLORENCE TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDED MARCH 31, 2006**

Revenues

Taxes and Penalties	40,184	
State-Shared Revenues	100,622	
Interest	5,659	
Charges for Services	7,544	
Other	<u>3,941</u>	
Total Revenues		157,950

Expenditures

General Government	94,770	
Public Safety	38,552	
Public Works	<u>26,245</u>	
Total Expenditures		<u>159,567</u>

**Excess of Revenues Over
(Under) Expenditures**

(1,617)

Fund Balance - Beginning of Year

370,306

Fund Balance - End of Year

368,689

Amounts reported for governmental activities in the statement of activities are different because:

*Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

(10,948)

Change in Net Assets of Governmental Activities

(12,565)

The Notes to Financial Statements are an integral part of this statement.

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

A. Reporting Entity

The Township was organized in 1826 and covers an area of 33 square miles. The Township operates under an elected board of five members and provides services to its more than 1,400 residents in many areas including fire protection and road maintenance. The General Purpose Financial Statements contain all the funds that are controlled by or dependent on the Township's executive or legislative branches.

Blended Component Units - There are no blended component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All of the governmental funds are major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township property tax is levied on each July 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 1st.

Although the Township ad valorem tax is levied and collectible on July 1, it is the Township's policy to recognize revenue from the current tax levy in the subsequent year OR the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 taxable valuation of the Township totaled \$31,419,783, on which ad valorem taxes levied consisted of .9424 mills for the Township operating purposes. No additional mills were levied. These amounts are recognized in the respective financial statements as taxes receivables-current or as tax revenue.

All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

There are no other Funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 1st. Taxes are considered delinquent on September 15th of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. There are no inventories or prepaid items.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimates useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 50 years
Vehicles	15 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The differences between the government-wide and fund financial statements are reconciled as shown at the bottom of the fund financial statements.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

During the year ended March 31, 2006, the Township incurred expenditures in no budgetary funds which were in excess of the amounts appropriated.

NOTE 4 - CONSTRUCTION PERMIT FEES

The Township pays a sub-contractor who assesses property and issues construction permits among the services provided. No fees are charged for the issuance of construction permits, and the necessary inspections are performed by the State of Michigan. As a result, there is no fund balance for such activity.

NOTE 5 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Council has designated one bank for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	364,760	-	-	364,760
Investments		-	-	-
Restricted Assets	_____	-	-	-
Total	<u>364,760</u>	<u>-</u>	<u>-</u>	<u>364,760</u>

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

		<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)		364,760
Investments in Securities, Mutual Funds and Similar Vehicles		-
Petty Cash and Cash on Hand		<u>-</u>
Total		<u><u>364,760</u></u>

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Amount</u>
Insured (FSIC & FSLIC)	200,000	200,000
Uninsured and Uncollateralized	<u>164,760</u>	<u>170,622</u>
Total Deposits	<u><u>364,760</u></u>	<u><u>370,622</u></u>

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Government Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

At year-end, the government held no investments except cash and cash equivalents.

NOTE 6 - BUDGET RECONCILIATION

	<u>Budgetary Comparison Schedule</u>	<u>GAAP Financial Statements</u>	<u>Difference</u>
Actual Revenues	<u>157,950</u>	<u>157,950</u>	<u>-</u>
Actual Expenses	<u>159,567</u>	<u>170,515</u>	<u>10,948</u>

Explanation of difference:

Depreciation of Capital Assets	10,948
--------------------------------	--------

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 7 - RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, and the internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Total
Taxes Receivable	3,929	3,929
Accounts	-	-
Intergovernmental	-	-
Interest and Other	-	-
Gross Receivables	<u>3,929</u>	<u>3,929</u>
Less: Allowance for Uncollectible	<u>-</u>	<u>-</u>
Net Receivables	<u><u>3,929</u></u>	<u><u>3,929</u></u>

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	-	-
Special Assessments	-	-
Grant Drawdowns Prior to Meeting all Eligibility Requirements	<u>-</u>	<u>-</u>
Total	<u><u>None</u></u>	<u><u>None</u></u>

NOTE 8 - RISK MANAGEMENT

The Township's insurance for Workers' Compensation, General Liability and Property Loss and Fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding. Insurance coverage is substantially the same as in previous years.

NOTE 9 - RESERVED FUND BALANCE IN BALANCE SHEET

The entire balance consists of the Township's 40% share of a certificate of deposit held jointly with two other government units.

FLORENCE TOWNSHIP
Notes to Financial Statements
March 31, 2006

NOTE 10 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 11 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	3,500	-	-	3,500
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	3,500	-	-	3,500
Capital Assets Being Depreciated				
Buildings	10,125	-	-	10,125
Vehicles	<u>156,323</u>	<u>1,903</u>	<u>-</u>	<u>158,226</u>
Subtotal	166,448	1,903	-	168,351
Less: Accumulated Depreciation for				
Buildings	4,125	400	-	4,525
Vehicles	<u>128,283</u>	<u>10,548</u>	<u>-</u>	<u>138,831</u>
Subtotal	<u>132,408</u>	<u>10,948</u>	<u>-</u>	<u>143,356</u>
Net Capital Assets Being Depreciated	<u>34,040</u>	<u>(9,045)</u>	<u>-</u>	<u>24,995</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>37,540</u>	<u>(9,045)</u>	<u>-</u>	<u>28,495</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Unallocated	<u>10,948</u>
Total Governmental Activities	<u>10,948</u>

REQUIRED SUPPLEMENTAL INFORMATION

**FLORENCE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED MARCH 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Beginning of Year Fund Balance	268,522	268,522	268,522	-
Resources (Inflows)				
2005 Tax Roll	29,000	29,000	31,983	2,983
Administration Fee	8,000	8,000	8,201	201
Summer Collecting Fee	-	-	2,078	2,078
State Shared Revenue	91,500	91,500	97,663	6,163
Metro Authority Maintenance Fee	-	-	2,959	2,959
Fire & Ambulance Runs	3,900	3,900	5,263	1,363
Cemetery	2,800	2,800	2,281	(519)
Interest Earned	800	800	5,659	4,859
Other	4,650	4,650	1,863	(2,787)
Amounts Available for Appropriation	409,172	409,172	426,472	17,300
Charges to Appropriations (Outflows)				
Salaries - Supervisor	5,284	5,284	5,284	-
- Clerk & Deputy	13,008	13,008	13,008	-
- Treasurer & Deputy	10,155	10,155	10,250	(95)
- Trustees	4,700	3,650	2,912	738
- Assessor	15,000	15,000	15,000	-
- Elections	1,000	1,000	295	705
Planning Commission	3,200	3,200	2,652	548
Board of Review	840	840	840	-
Zoning Appeal Board	300	300	150	150
Roads	32,000	32,000	26,245	5,755
Supplies & Other	950	1,100	1,101	(1)
Legal	15,000	15,000	9,349	5,651
Insurance & Bonds	8,000	8,000	6,363	1,637
Fire & Ambulance	39,000	39,404	38,552	852
Tax Roll Preparation	3,500	3,500	2,725	775
Township Hall	5,500	9,000	6,469	2,531
Postage	2,000	2,000	780	1,220
Library	3,200	3,200	3,200	-
Dues	650	650	615	35
Printing & Publishing	2,000	2,000	1,234	766
Cemetery	4,200	10,000	7,123	2,877
Payroll Taxes	3,600	3,600	1,638	1,962
Retirement	3,600	3,600	-	3,600
Inspections	6,000	6,110	3,782	2,328
Total Charges to Appropriations	182,687	191,601	159,567	32,034
Budgetary Fund Balance - End of Year	226,485	217,571	266,905	49,334

The Notes to Financial Statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

**FLORENCE TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTION FUND
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

	Balance 4/1/2005	Additions	Deductions	Balance 3/31/2006
<u>ASSETS</u>				
Cash	19	747,057	746,514	562
<u>LIABILITIES</u>				
Due to Other Governmental Units	-	-	-	-
Due to Taxpayers	-	-	-	-
Due to General Fund	<u>19</u>	<u>543</u>	<u>-</u>	<u>562</u>
	19	543	-	562

The Notes to Financial Statements are an integral part of these statements.

**FLORENCE TOWNSHIP
2005 TAX ROLL RECONCILIATION
MARCH 31, 2006**

	Tax Roll	Collections	Returned Delinquent
<u>Collections</u>			
ST. JOSEPH COUNTY			
Operating & Maintenance	196,449	-	-
Commission on Aging	10,349	-	-
Special Education	77,144	-	-
Intermediate School District	7,169	-	-
Community College	85,106	-	-
State Education Tax	<u>186,464</u>	<u>-</u>	<u>-</u>
Total County	562,681	508,634	54,047
SCHOOL DISTRICTS - OPERATING AND DEBT			
Centreville	84,333	70,399	13,934
Constantine	93,648	86,167	7,481
White Pigeon	13,513	12,691	822
Three Rivers	<u>34,830</u>	<u>31,562</u>	<u>3,268</u>
Total Schools	226,324	200,819	25,505
TOWNSHIP			
General	29,606	26,498	3,108
Administration Fee	<u>8,201</u>	<u>7,380</u>	<u>821</u>
Total Township	<u>37,807</u>	<u>33,878</u>	<u>3,929</u>
TOTAL TAX ROLL	826,812	743,331	83,481
OTHER			
Dog Licenses		435	
Summer Collection Fee		2,077	
Interest Prior Year & Other		<u>411</u>	
Total Collections		<u><u>746,254</u></u>	
<u>Remittances</u>			
St. Joseph County		509,443	
School Districts		200,819	
Township		<u>35,992</u>	
Total Remittances		<u><u>746,254</u></u>	

The Notes to Financial Statements are an integral part of these statements.

ADDITIONAL INFORMATION

Foote and Lloyd
CERTIFIED PUBLIC ACCOUNTANTS
TWO WEST MICHIGAN , SUITE 210
BATTLE CREEK, MI 49017
TELEPHONE (269) 962-7518
FAX (269) 962-7510

CHARLES W. FOOTE
* DONALD L. LLOYD

GLEN C. SAUER

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS

*FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

To the Supervisor and Board
Florence Township
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial statements for the Township of Florence for the fiscal year ended March 31, 2006. We have forwarded to the state of Michigan their required copies of the report. Nothing improper came to our attention during the course of our examination.

Some of the items mentioned in our prior audits have been implemented, but we again recommend that it would be much better for your accounting procedures if you could get your bank to cut off your activities at each month end (that is, the last day of each month).

We wish to thank you for the opportunity to serve you again this year and for the willing cooperation and assistance we received from all contacted during the course of our assignment. Please feel free to contact us at any time if you should have questions or comments.

Foote and Lloyd

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
September 22, 2006